

# TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman  
Lynn Greer, Director  
Sara Kyle, Director



460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

September 22, 1999

J. Gilbert Parrish, Jr.  
605 Court Street  
Savannah, TN 38372

Re: Application of Antioch Water Company to Increase Its Rates  
Docket No. 99-00584

Dear Mr. Parrish:

Upon review of the above referenced petition, it has been noted that the following additional information will be necessary to clarify the filing:

1. Historical financial statements of Antioch Water Company for 1996, 1997, and 1998.
2. Number of residential customers billed by month for 1998 and 1999. Number of residential customers forecasted for the calendar year 2000.
3. Number of tap fees received in 1999. Number of tap fees forecasted for the calendar year 2000.
4. Number of disconnect and reconnect fees collected in 1998 and 1999.
5. Provide a trial balance at December 31, 1997 and December 31, 1998 and for the 6 months ended June 30, 1999.
6. Will the salaries of the Partners be paid out monthly and subject to payroll taxes?
7. Provide substantiation for the rate case expenses of \$4,000 in legal fees and \$1,500 in accounting fees.
8. Provide a schedule detailing the taxes and license fees paid in 1998, totaling \$1,895.
9. Provide a schedule detailing the professional fees paid in 1998 totaling \$1,562.
10. Provide a schedule detailing the repairs and maintenance expenses of \$5,700 needed on the system now. Will any of these expenses be capitalized as required by the Uniformed System of Accounts?

**FILE**

11. When will the Company borrow the \$125,000 needed for capital additions? Provide a schedule showing the calculation of the \$5,157 estimated interest expense for 1999.
12. Provide the depreciation carryforward schedule to substantiate the depreciation expense of \$9,344 for 1998 and \$4,218 projected for 1999.
13. Copies of 1996, 1997, and 1998 federal and state tax returns for Antioch Water Co.
14. Jerry Bailey states on page 4 of his testimony that there is no rate base "because of the age of the Plant in Service and the corresponding accumulated depreciation". Give the date that the original plant was put into service and the depreciation rates that have been used since that time. What was the original cost of the Plant? When was the plant fully depreciated?
15. Provide a discussion of the Company's rationale of setting rates based on a reasonable margin above operating expenses.
  - a. On page 2 of 3 of Cumulative Exhibit 1, 20% of \$29,695 results in a reasonable margin of \$5,939, and 20% of \$107,730 results in a reasonable margin of \$21,546. Show how the \$29,695 and \$107,730 were calculated.
  - b. Provide an explanation of how the 20% for reasonable margin was arrived at.
16. Provide a copy of the notice filed by Antioch Water Company as required by Rule 1220-4-1-.05 of the Tennessee Regulatory Authority.

The information requested above is to be provided to the Tennessee Regulatory Authority by October 8, 1999. Should you have any questions or require further information, I can be reached at (615) 741-2904, extension 178.

Sincerely,



Pat Murphy  
Senior Financial Analyst  
Energy and Water Division

c: David Waddell, Executive Secretary  
Mike Horne, Chief-Energy and Water Division